GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2627
ANSWERED ON:17.03.2017
Strengthening of Security Measures
Kushwaha Shri Ram Kumar Sharma

Will the Minister of FINANCE be pleased to state:

(a) whether the banks need to strengthen the security measures to safeguard the information about their customers more so in the wake of promotion for cashless transaction;

(b) if so, the details thereof;

(c) whether the Government has cautioned the banks through the Reserve Bank of India (RBI);

(d) if so, the details thereof; and

(e) the details of the additional financial safeguards adopted by the bank management so far?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): Reserve Bank of India (RBI) issued a comprehensive circular on Cyber Security Framework in Banks on June 2, 2016 covering best practices pertaining to various aspects of cyber security. RBI has also issued Master Direction on KYC (MD) dated February 25, 2016 and updated till December 8, 2016 on Money Laundering norms / Combating of financial terrorism. The directions cover secrecy obligations and sharing of information and confidentiality of information of customers.

(c) to (e): RBI advised banks to improve and maintain customer awareness and education with regard to cyber security risks. Banks were also asked to educate the customers on the downside risk of sharing their login credentials / passwords etc. to any third party vendor and the consequences thereof.
RBI has set up a Cyber Security and IT Examination (CSITE) Cell within its Department of Banking Supervision in 2015.

RBI has been carrying out IT Examination of banks from last year. RBI has also set up a Cyber Crisis Management Group to address any major incidents reported including suggesting ways to respond and recover to/from the incidents.
****